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SUBJECT: NIGERIA: AUDITOR GENERAL REPORT HITS THE MEDIA;
IMPACT ON CORRUPTION LESS CLEAR

REF: 2002 ABUJA 1606

1. (SBU) Summary. The Auditor General of the Federation (AGF), akin to an Inspector General in the USG, has recently released the Audit Report for Calendar Year 2001 (Part One). Citing malfeasance in all tiers of government, the report has gained notoriety in the media and spawned calls from the President and civil society for greater transparency in government. The report itself is an undigested listing of irregularities found by the AGF's 700 professional auditors including such examples as:

- a) \$45,000 in unaccounted funds budgeted by the Federal Capital Territory to buy gifts for a canceled State visit by Libyan leader Muammar Qaddafi; and
- b) U.S. \$20,000 given to Ministry of Police Affairs police officials without proper authorization or accounting.

Misappropriations and financial irregularities identified by the Auditor were not followed up in the past for various reasons, chiefly lack of political will. Acting Auditor General of the Federation Azie believes this report's fate will be different. However, there will certainly be resistance to the report's recommendations and many in government are not pleased by the release of the report before elections. Already, Information Minister Jerry Gana publicly dismissed the audit as "rash" and calculated to embarrass the GON. End Summary.

Background

2. (U) On January 13, newspapers reported that the Auditor General had forwarded to the National Assembly his report covering government accounts for calendar year 2001. The audit reportedly charged the executive, legislature, and the judiciary with numerous fiscal and procedural improprieties.

3. (SBU) Meeting with EconOff on January 21, Acting Auditor General V.S.C. Azie said the report was provided to the National Assembly pursuant to the constitution. He was unsure whether he was authorized to release the report to the public or to foreign diplomats. Refusing to provide a copy, Azie however allowed EconOff to view a copy of the report when asked, and promised to make it available as soon as the "media heat" cooled off.

4. (U) To back up his claim that the Auditor General's office is committed to transparency, Azie showed EconOff mock-ups of the website he hopes to launch in February. There, he explained, the report would be made available to the general public. More than 270 pages long, the report contains no executive summary and cites individual irregularities by Ministry or agency. The report is a difficult read, the editing is poor and narrative consistency is lacking. More importantly, there was little effort made to clearly define the elements of each offence reported.

5. (U) The Acting Auditor General explained that Part Two of the Report would contain more analysis and interpretation. However, completion of that section would require more information from the Accountant General of the Federation. He speculated this might take two or three years. Rather than wait for the second part, as had been the custom, he believed it would be better to publish the raw information as soon as possible. He forwarded that section of the report to the National Assembly in hopes that his action would lead to the public dissemination of the raw audit.

6. (U) Azie acknowledged his office has no prosecutorial powers and only makes recommendations to the National Assembly Public Accounts Committee (PAC), which has to pursue the individual cases. When asked if this would be effective given the erratic performance of the National Assembly, Azie was upbeat. He claimed some cases were pursued by the House PAC from the 1997 Audit (the last available) and that the legislators had identified agencies and individuals who

indeed made restitution.

17. (U) With fresh information from the 2001 audit, Azie believes the House PAC could resolve many cases. He explained that many times individuals and Ministries refused to even answer queries from the auditors. The PAC had the power to subpoena individuals and, if necessary, refer them for criminal prosecution, though this step has never been taken. In contrast to the House, the Senate Public Accounts Committee was moribund and had not taken any action, Azie noted.

18. (U) Azie's best case scenario saw his office coordinating with the Independent Corrupt Practices and other Related Offences Commission (ICPC), and the Budget Price Monitoring and Investigation Unit (BMPI) in the President's office (reftel), to reduce corruption by making the contract tendering processes for capital projects more transparent. This could not happen overnight, but with continued increases in resources and support from the top, it would eventually make a difference and begin to change behavior in government.

Constraints on the Auditor's Office

19. (U) Azie decried the lack of protection for auditors and whistleblowers who vigorously pursue corruption. While auditors work for him, their offices are often located in the Ministries and agencies they investigate. An aggressive auditor could wind up in a "living hell" if he upsets too many people, and there is little the Auditor General's Office can do to protect or even transfer them to other government institutions.

110. (U) Azie also complained that his office is underfunded, making it difficult to carry out some of its functions. Though there is a new training program from the World Bank, Azie noted the Auditor General's office had received very little training in the last 15 years despite the GON policy of setting aside ten percent of the annual personnel costs for training. However, Azie advises his staff to personally train themselves, including extension and on-line courses, since the government is not ready to make funds available.

FEDERAL EXECUTIVE COUNCIL MEETING

111. (U) Perhaps in response to extensive and sensational press coverage of the report, the audit was discussed at the weekly Federal Executive Council (FEC) meeting of January 29. President Obasanjo directed all Ministries to immediately respond to the Public Accounts Committee of the National Assembly with explanations of the anomalies identified in the document.

112. (U) However, the Executive seemed to be of two minds regarding the report. That same afternoon, Information Minister Gana briefed the media that the report was intended to embarrass the Federal Government. He dismissed the report as an unprofessional audit that levied charges without regard for due process and accuracy.

113. (U) Gana further claimed that the Auditor General did not give the Ministries the opportunity to provide detailed explanations before the report was submitted to the National Assembly. He challenged Azie's professional competence saying "it would appear that the Auditor General was in some kind of haste to rush out the report because there are three phases which he never followed."

Comment

114. (SBU) Comment: While the recent report generated much discussion among the general public, Azie's quest to make a positive impact from his revelations will be an uphill struggle. Things are rarely straightforward in Nigeria and

this maxim applies doubly to the topics of corruption and malfeasance during an election year. No doubt, many National Assembly Members probably were happy to receive the report, it was the glee of a wrongdoer who has caught his accuser in a similar transgression. National Assembly members believe the Presidency has used the ICPC to target the Assembly leadership and other members the Presidency opposes; now, they probably are looking at Azie's report as an instrument to blunt the President's actions against them. Because the report provides information about executive branch corruption, the Assembly will likely use it to deter vigorous pursuit of House members.

15. (SBU) Instead of advancing the battle against corruption, the most likely short-term effect of the report will be relative inaction based on a sort of executive and legislative branch mutually assured political embarrassment through public disclosure of corrupt practices.

16. (SBU) There is also the possibility that the President may signal to the House PAC that some of his Ministers are more expendable than others. This way he could use the report to provide the political cover to rid himself of deadwood Ministers. If some of his Ministers were allowed to walk the plank, this could actually enhance Obasanjo's reputation for fighting corruption. Moreover, albeit done for less than noble reasons, this would still constitute genuine progress in the fight against corruption. End Comment.
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